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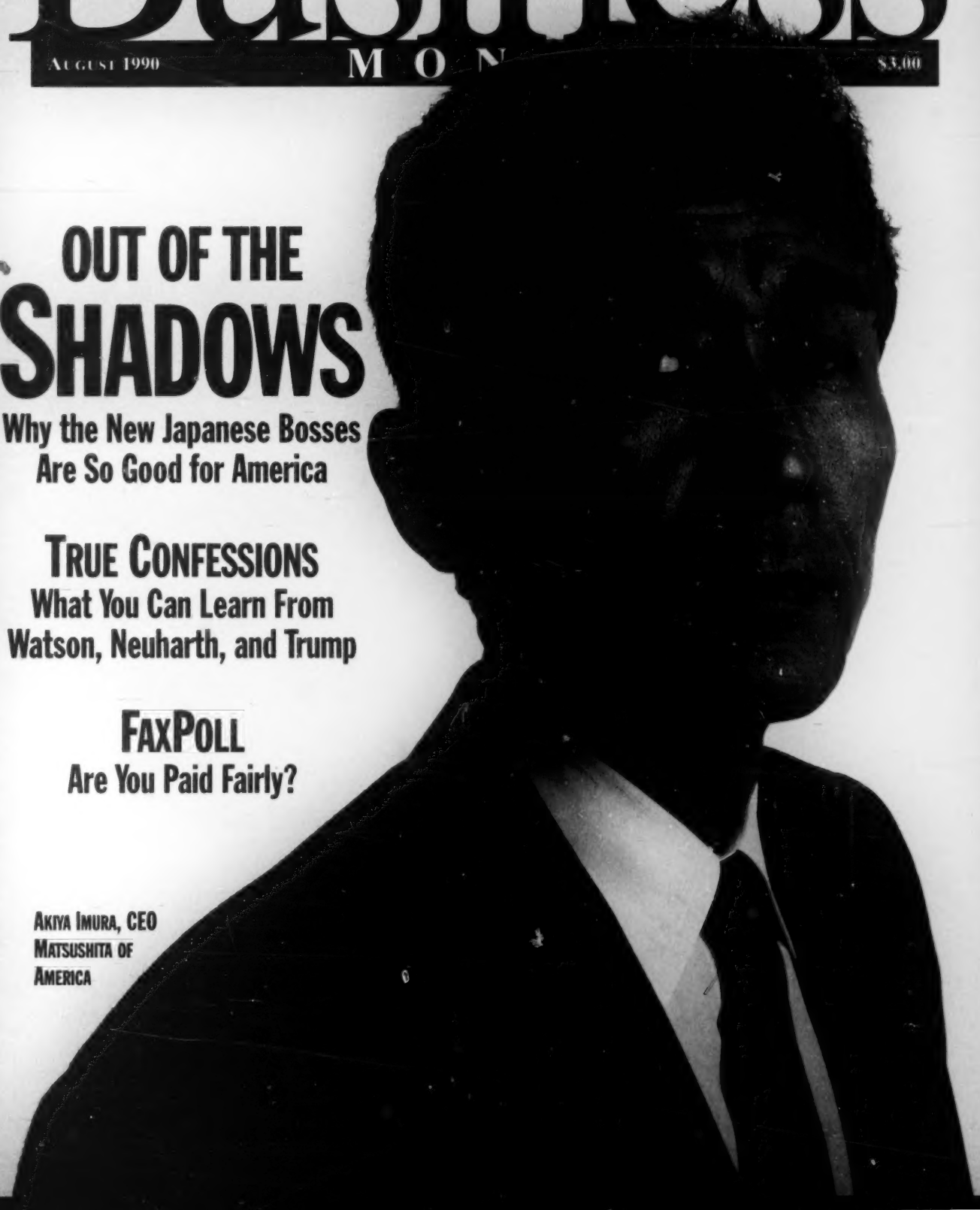

OUT OF THE SHADOWS

Why the New Japanese Bosses Are So Good for America

TRUE CONFESSIONS

What You Can Learn From Watson, Neuharth, and Trump

FAXPOLL

Are You Paid Fairly?

AKIYA IMURA, CEO MATSUSHITA OF AMERICA

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Cover Photograph:
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Japan's Bosses in America
Do you know the men who run Japan's big American subsidiaries? Not likely. They do their jobs masterfully but rarely utter a word. It took un-Americanlike patience, but we interviewed five of the best. What they say may surprise you. *By Bill Powell and Alex Prud'homme*

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Stride Rite has an innovative solution to the elder-care problem: a joint on-site day-care center for the aged and the very young. Too bad more old folks don't show up. *By Barbara Hetzer*

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Lee Iacocca and Donald Trump were take-charge types from the womb. But real CEOs are torn by self-doubt. IBM's Tom Watson Jr. tells us why. *By Richard Blow*

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Commerce Secretary Robert Mosbacher is a champion of American business. But he's also a nice guy—and you know what happens to them. *By Morton Kondracke*

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Free Market Harvest
Quick, what part of the world is converting to capitalism overnight? Wrong. The answer we're looking for is Latin America. Check out the prospects. *By Judith Evans*

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"The marketing plan said we'd double in size, so Ed in Purchasing— remember Ed?— he got this great volume discount on office furniture."
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HAVING GRADUATED FROM A TOP-FIVE business school one year ago, I find it dangerous to make generalizations about a degree that has roughly 66,000 recipients annually. Certainly, there is a high percentage of exceptions to the "fast money/job hopping" depiction in your article.

I would also argue that impatience to stay with companies over the long haul is really a product of the evolution of the business world during the decade of the '80s. Like the companies that they work for, many MBAs have realized that they need to be looking constantly or at least understand all their options at all times. As for the MBAs' tendency to act upon these options more often than other employees, I can only offer two explanations: They may be further along the learning curve in understanding the fragile nature of company-to-employee loyalty; or they may have more options because of their degree. Certainly you can't fault them for the latter.

ROBERT C. JOHNSON
Kellogg, Class of '89
DowBrands, Inc.
Indianapolis

SATISFIED WITH QUALITY?

AS RUSSELL REDENBAUGH'S "BEWARE the God of Quality" (SpeakOut, June) shows, quality for quality's sake is a new icon that could mislead the unwary, wasting millions of dollars in the process. Quality is not how to achieve customer satisfaction but an assessment produced when customers are satisfied. McDonald's may not be French cuisine, but that is not what it promises. McDonald's success indicates that it is unmatched in producing satisfied customers seeking a hamburger, fries, and a Coke. In my book, that makes McDonald's a quality leader in its market.

CHARLES W. KADLEC
Vice president and director of research
J. & W. Seligman & Co.
New York

QUALITY HAS BECOME THE NEW BUZZword. What is it? How would you know it? In the clarity of your article, one can begin to see that quality is an assessment, an evaluation made by both the producer and, more important, by the customer. By shifting the focus for the standards of the product or service, a business can concern itself with what actions it can perform or offer that the client will be satisfied with, rather than a "good" product. This terse piece of writing produced satisfaction for me by speaking "my mind" in a way that I didn't know I was thinking until after I read it.

MEL AUSTON
Special project consultant
Discovery Channel
Landover, Maryland

RUSSELL G. REDENBAUGH'S LETTER TYPIfies the narrow-minded thinking of American business. Customer satisfaction is, of course, the final criterion, but it is not the means of achieving final success. Remember when we sold cars by advertising their length and size? Customers were satisfied, for a while. The philosophy of the Japanese and the Germans does indeed stress quality and over the long term is responsible for their success.

The aircraft industry is still one of the success stories of American business. Do airlines buy American aircraft because they are satisfied? Certainly. But how far would American aircraft manufacturers get if they were not producing high quality and enviable records of reliability?

JOSEPH A. SKALA
Automation systems manager
Grumman Data Systems
Woodbury, New York

REDENBAUGH'S STATEMENT THAT QUALITY and customer satisfaction are "categorically different" comes from limiting the definition of quality to *product* quality. I agree that customer satisfaction should be the end goal of any business, and the most structured method of achieving that goal is through continuous improvement of product *and* service quality. A modern quality program worth its salt gives a business concrete targets to aim for while striving to win the blue ribbon of customer satisfaction.

MICHAEL B. CALHOUN
Director of quality
Otus
Dallas

I WAS BEMUSED BY REDENBAUGH'S STATEment that quality and satisfaction "are categorically different." The definition of quality is conformance to require-

Rx for

Sick? Enraged is more like it. No one—not even your employees—escapes your fury over the medical crisis. One big surprise is that the free market may not be the ultimate cure: 41 percent of you say the government should underwrite some form of health insurance.

PREVENTION is the best way to cut health-care expenses, say 46% of you. The draconian solutions: Increase employee contributions (39%); eliminate coverage for some procedures (18%). One reader recommends "higher deductions for people who cause their own problems," whom another respondent characterizes as "smokers, drinkers, druggies, and fat asses." An additional 28% of you check off low-cost providers, and 12% employer self-insurance. The most original suggestions: "Pay employees to shop for the best deal"; "Impose an 85% tax on all physicians earning over $250,000"; and "Create a fund to destroy malpractice lawyers."

Disaster

84%
of you say the health-care system is ripping you off.

BLAME MALPRACTICE LAWYERS, clamor 57%. Close behind are physicians, cited by 54%. (Many checked off more than one culprit.) Hospitals (46%), insurers (31%), even employees (18%) aren't any too popular. Curiously, 7% of you accuse the uninsured indigent—many of whom receive no medical attention at all. Perhaps the sanest diagnosis of all was, "Blame the American attitude toward health care: Live the way you want, eat the way you want, develop serious health problems, then throw big bucks at treatments."

WHO SHOULD PAY THE COSTS?

49% SAY THE COMPANY

24% SAY EMPLOYEES

12% SAY TAXPAYERS

9% SAY EMPLOYEES AND THE COMPANY

BAD CHOICES by employees are part of the cost problem, say 55% of you. Respondents at the largest corporations place a lot more trust in their workers not to abuse medical services than do people from small companies. As one reader notes, "When employees are informed and given the opportunity to control their choices, they do it quite well."

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DOESN'T IT MAKE YOU SICK?

- Is the health-care system ripping off your company?
- Who's mostly to blame for the spiraling cost of health care?
- Employees aren't making prudent—and cost-saving—choices about their own medical care.
- Who should bear the major burden of the cost?
- What should the federal government do?
- What's the best way to cut health-care costs at your company?
- Should all employees be entitled to all the health care they need, regardless of cost?

LIMIT PAYOUTS on malpractice claims, 57% insist; another 36% urge fixed fees for hospitals and doctors. While 11% of you think Uncle Sam has no place meddling in health care, fully 63% call for some kind of government intervention: regulating insurance company profits (22%), underwriting catastrophic care (21%) and basic coverage (13%), or introducing a form of socialized medicine (7%). "Nationalize the greedy leeches!" one of you declares.

UNLIMITED MEDICAL CARE isn't an employee's right, according to 57% of you. Again, company size plays a role in shaping opinion: Unlike big organizations, smaller outfits don't think their work force deserves every health benefit. "They only need what they can pay for," snarls one dyspeptic reader. "Die if you can't pay."

JULY PREVIEW: READY, AIM, FIRE

Most companies are heavy-handed and cruel when it comes to layoffs, say nearly four out of five early responses to the July poll. You should know: 60% of you say your companies have wielded the ax in the last six months. What's the best way to minimize the damage? How much do you owe to the survivors? We'll have the answers for you in the next issue. Until then, have you been had? Turn to page 80.